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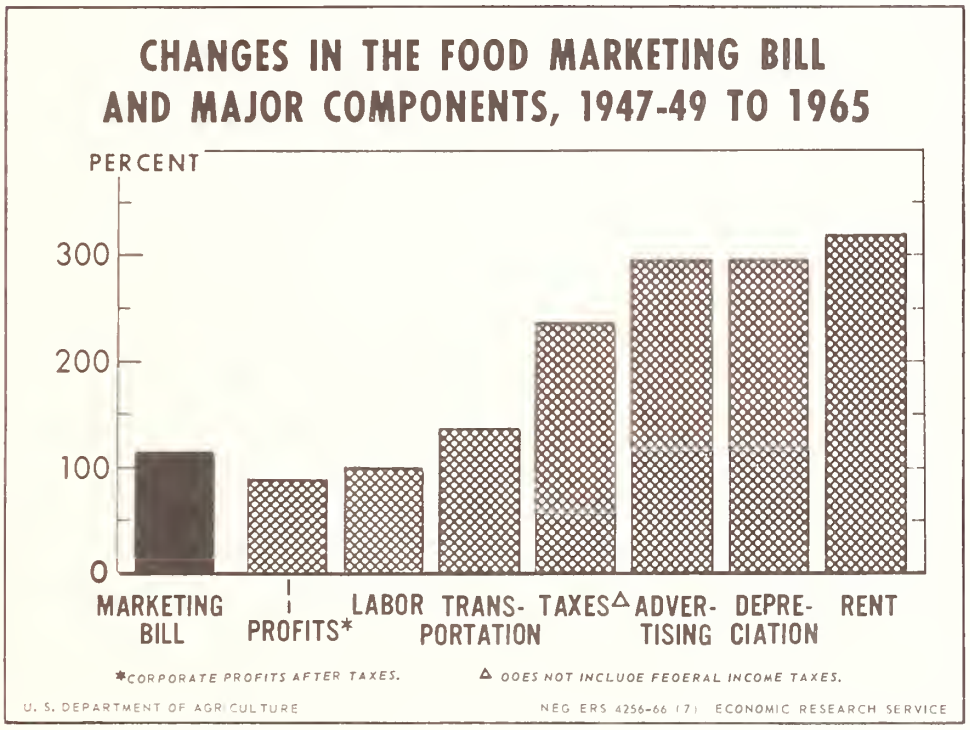
The Marketing Bill For Farm-Food Products



MARKETING ECONOMICS DIVISION
ECONOMIC RESEARCH SERVICE
U. S. DEPARTMENT OF AGRICULTURE

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THE MARKETING BILL FOR FARM-FOOD PRODUCTS

Revised Estimates of the Marketing Bill Statistics

The marketing bill statistics presented in this article differ from those previously published. New estimates were made for Census Years 1947, 1954, and 1958 by the "commodity flow" method. Data for intervening years and 1959-65 were interpolated or extrapolated with the annual series formerly published. The commodity flow approach is believed to provide more accurate estimates. It utilizes data published by the Bureau of the Census and other organizations which were not used in deriving the old estimates. Product coverage is more explicit in the commodity flow method than in the former method which provided only implicit coverage of many consumer products, especially the newer products. In addition, the commodity flow procedure provides annual data for commodity groups and data for marketing agencies in census years. When the commodity flow estimates for 1963 are available, the data for 1958-65 will be revised. Commodity flow estimates for 1929, 1935, and 1939, as well as for post-war years, and additional analyses of the data and a description of the method are contained in a bulletin planned for publication by the Economic Research Service.

The bill for marketing food products from farmer to consumer totaled $52 billion in 1965, 2 percent above the 1964 total (table 5). 1/ Returns to farmers (the farm value) for the equivalent farm products increased 9 percent to about $26 billion. Civilian expenditures for these foods were 4 percent higher than in 1964. Farmers received 70 percent of the 1965 increase in expenditures and marketing agencies received 30 percent.

An increase in the volume marketed was responsible for 22 percent of the increase in the marketing bill. Increased marketing charges per unit of product were responsible for the other 78 percent. The rise in unit marketing charges was the result of an increase in services per unit. The increase in services was caused by a 10-percent increase in the volume of food served by eating places, considerably more than the increase in the volume of food sold by retail food stores. The increase in total volume marketed was smaller than the increase in population.

The 2-percent increase in the marketing bill for 1965 was considerably less than the average annual increase during 1955-65. The smaller-than-average increase resulted from decreases in the volume of meat products marketed and in the marketing spreads for these products. Increases in marketing bills for other product groups more than offset the decrease for meat products.

1/ The marketing bill is the difference between the total expenditures by civilian consumers for domestic farm-food products and the farm value or returns that farmers received for the equivalent farm products. It is an estimate of the total charges for transporting, processing, wholesaling, and retailing farm foods. Foods sold in the form of meals in restaurants and other eating places and those sold at less than retail prices are valued at the point of sale. Estimates do not include the value of food products not produced on farms in the United States, foods consumed on farms where produced, or foods not sold to civilian consumers in this country.

Table 5.--The marketing bill, farm value, and consumer expenditures for domestic farm-food products bought by civilians, United States, 1947-65

Year	Total marketing bill	Farm value 1/	Civilian expenditures for farm foods 2/	Year	Total marketing bill	Farm value 1/	Civilian expenditures for farm foods 2/
	Billion dollars	Billion dollars	Billion dollars		Billion dollars	Billion dollars	Billion dollars
1947	22.6	19.3	41.9	1957	37.9	20.4	58.3
1948	24.9	19.9	44.8	1958	39.5	21.5	61.0
1949	26.0	17.4	43.4	1959	42.2	20.9	63.1
1947-49 avg.	24.5	18.9	43.4	1957-59 avg.	39.9	20.9	60.8
1950	26.0	18.0	44.0	1960	44.2	21.7	65.9
1951	28.7	20.5	49.2	1961	45.1	22.0	67.1
1952	30.5	20.4	50.9	1962	46.9	22.4	69.3
1953	31.5	19.5	51.0	1963	48.9	22.6	71.5
1954	32.3	18.8	51.1	1964	51.2	23.4	74.6
1955	34.4	18.7	53.1	1965 3/	52.1	25.5	77.6
1956	36.3	19.2	55.5				

1/ The farm value is the payment to farmers for the products equivalent to those sold to consumers. The values of inedible byproducts, nonfood products, and exports are not included. In calculating the farm value of wheat products, the cost of domestic wheat marketing certificates to wheat processors was added to the market price of wheat beginning in the second half of 1964.

2/ Consumer expenditures for domestic farm-food products; excluded are expenditures for imported foods, seafoods, and other foods of nonfarm origin.

3/ Preliminary.

Beginning with 1960, estimates in this table are for 50 states.

A 17-percent increase in the farm value of meat products was the main cause of the increase in the total farm value. The farm values of all other groups also increased but the percentage increases were much smaller than the 9-percent average increase for all groups.

Between 1955 and 1965, consumer expenditures increased 46 percent. Farmers received 28 percent of the total increase and marketing agencies received 72 percent. The marketing bill increased in every year during the 1955-65 period, and the farm value increased in every year except 1959.

The 20-percent increase in volume of products marketed was the major cause of the increase in the farm value from 1955 to 1965. Farm prices of food products fluctuated within narrow limits from 1955 to 1964 except for a sharp increase in 1958 followed by an equally sharp drop in 1959. In 1965, they again increased sharply to about the same level as in 1958.

Processors accounted for $19 billion of the total marketing bill in 1963 (table 6). Retail stores and eating places accounted for $12 billion and $10 billion, respectively. Assemblers, transportation, and wholesalers received the remaining

Table 6.--Consumer expenditures for domestic farm-originated foods, farm value, and marketing bill and its components, 1947, 1954, 1958, and 1963

Items	1947	1954	1958	1963 1/
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
Consumer expenditures	41.9	51.1	61.0	71.5
Farm value	19.3	18.8	21.5	22.6
Total marketing bill	22.6	32.3	39.5	48.9
Assembly 2/	1.3	1.6	1.5	1.7
Processor 3/	8.1	12.3	15.8	19.0
Transportation 4/	1.2	1.7	1.9	2.1
Wholesaler	2.2	3.0	3.7	4.4
Retailer	5.0	7.1	8.7	11.5
Eating places	4.8	6.6	7.9	10.2

1/ Preliminary

2/ Assembly component includes some transportation from farm to processor, packing of fresh fruits and vegetables, and other charges for handling raw farm products.

3/ Direct and indirect processing. Direct processing is the primary processing of the final product, such as combining of flour, sugar, and other ingredients into bakery products. Direct processing charges also include the costs of minor food ingredients, packaging materials, supplies, and fuel and power. Indirect processing is the processing and distribution (including transportation) of intermediate food products used in other food products. For example, charges for transportation and wholesaling of flour used in bakery products, as well as those for milling grain into flour, are indirect processing costs.

4/ Transportation charges are only for the finished products destined for consumers. Transportation charges from farm to manufacturer or assembler, such as those for wheat shipped from elevator to mill, are included in the assembly bill. Transportation of intermediate products such as flour and sugar used in bakery products is included in the processors' bill.

$8 billion. The processors' share increased from 36 percent in 1947 to 39 percent in 1963. The shares for retail stores and eating places were about the same in 1963 as in 1947. Other data indicate an increase in the relative importance of eating places since 1963.

Components of the Marketing Bill

Labor

The labor used by assemblers, manufacturers, wholesalers, retailers, and eating places to market domestic farm-food products cost $21.9 billion in 1965 compared with $21.0 billion in 1964 (table 7). This labor not only includes work performed by production and clerical workers, but also that performed by supervisors, managers, officers, proprietors, and family members. Fringe benefits as well as payrolls are included. The labor cost component represented 42 percent of the marketing bill in 1965 compared with 41 percent in 1964 and 46 percent in 1955.

Labor costs per hour worked increased 46 percent between 1955 and 1965 (table 8). Part of this increase was offset by an increase in output per man-hour so that labor

Table 7.--Labor, transportation, corporate profits, and other costs for marketing farm food products, United States, 1947-65 1/

Year	Labor 2/	Rail and truck transportation 3/	Corporate profits 4/		Other 5/	Total marketing bill
			Before income taxes	After income taxes		
	Billion dollars	Billion dollars	Billion dollars	Billion dollars	Billion dollars	Billion dollars
1947	10.2	2.0	1.5	1.0	8.9	22.6
1948	11.2	2.2	1.3	.8	10.2	24.9
1949	11.7	2.3	1.3	.7	10.7	26.0
1950	12.2	2.7	1.6	.9	9.5	26.0
1951	13.0	2.7	1.3	.6	11.7	28.7
1952	13.8	3.1	1.4	.6	12.2	30.5
1953	14.6	3.3	1.5	.7	12.1	31.5
1954	15.3	3.4	1.5	.7	12.1	32.3
1955	15.7	3.4	1.8	.9	13.5	34.4
1956	16.3	3.8	1.9	.9	14.3	36.3
1957	16.8	3.9	1.9	.9	15.3	37.9
1958	17.1	4.2	1.9	.9	16.3	39.5
1959	17.8	4.5	2.1	1.0	17.8	42.2
1957-59 average	17.2	4.2	2.0	.9	16.5	39.9
1960	18.7	4.6	2.1	.9	18.8	44.2
1961	18.8	4.9	2.2	1.0	19.2	45.1
1962	19.7	4.9	2.2	1.0	20.1	46.9
1963	20.3	5.0	2.4	1.2	21.2	48.9
1964	21.0	5.1	2.7	1.4	22.4	51.2
1965 6/	21.9	---	2.9	1.5	---	52.1

1/ For domestic farm foods bought by civilian consumers in this country.

2/ Labor cost includes imputed earnings of proprietors, partners, and family workers not receiving stated remuneration. It also includes supplements to wages and salaries such as social security and unemployment insurance taxes and health insurance premiums, but it does not include the cost of labor employed in for-hire transportation.

3/ Includes charges for the protective services, heating and refrigeration; does not include local hauling; charges for intercity transportation by water and air are a part of the "other" or residual component of the marketing bill.

4/ Does not include profits of unincorporated firms or transportation firms.

5/ Residual component; includes other costs such as advertising, depreciation, fuel, electric power, containers, packaging materials, air and water transportation, interest on borrowed capital, taxes other than those on income, and noncorporate profits. Data for some of these items for some years are given in table 13.

Beginning with 1960, estimates in this table are for 50 states.

Table 8.--Average hourly labor cost and labor cost and profits per unit of product for marketing farm food products, United States, 1947-65 1/

(1957-59=100)

Year	Hourly labor cost 2/	Unit labor cost 3/	Profit per unit of product 4/	
			Before taxes	After taxes
1947	58	74	96	127
1948	63	84	82	103
1949	67	86	80	100
1950	69	86	99	115
1951	74	92	83	80
1952	77	94	82	75
1953	82	96	86	83
1954	87	97	82	79
1955	89	96	97	99
1956	92	96	99	100
1957	97	98	97	96
1958	100	101	99	99
1959	103	101	104	105
1960	108	103	98	94
1961	112	104	101	100
1962	117	107	101	98
1963	121	106	108	108
1964	126	105	---	---
1965 5/	130	109	---	---

1/ For domestic farm-originated foods bought by civilian consumers in this country.
2/ Hourly labor cost derived by dividing total labor cost (table 7) by total man-hours worked.
3/ Unit labor cost is the quotient of the indexes of total labor cost (table 7) and of volume of farm-food product marketed to civilian consumers. The index of farm-food products marketed was constructed by weighting the quantities sold by 1957-59 average retail prices.
4/ Profit per unit of product is the quotient of the index of total corporate profits from marketing farm foods produced and consumed in the United States (table 7) and the index of the volume of farm-food products marketed.
5/ Preliminary.

costs per unit of food marketed increased only 14 percent. The relatively large increase in unit labor costs in 1965 was caused mainly by the increase in employment in eating places as a result of the sharp increase in the volume of food handled by this part of the marketing system.

Compensation of corporation officials makes up a relatively small part of the labor cost component of the marketing bill, based on data reported by a sample of food marketing corporations for most years from 1947 to 1960 (table 9). The percentage of total labor costs represented by officers' compensation generally varied little from year to year. However, it declined in several lines of food marketing from 1947 to 1960. In 1960, the percentage varied from 0.8 percent for corporations producing meat products and in retail trade to 7.7 percent for corporations in wholesale trade.

Table 9.--Compensation of officers as percentage of total labor cost reported by samples of food marketing corporations

Year	Retail trade	Wholesale trade	Manufacturing			
			Meat products	Dairy products	Baking	Canning
	Percent	Percent	Percent	Percent	Percent	Percent
1947-49 avg.	1.2	8.5	0.8	2.2	1.5	2.2
1950	1.2	9.0	.9	2.2	1.4	2.0
1951	1.2	8.4	.9	2.0	1.4	2.1
1952	.9	7.8	.7	2.0	1.3	1.9
1953	1.0	7.8	.8	2.0	1.3	1.9
1954	1.0	7.5	.8	2.1	1.1	2.0
1955	1.0	7.7	.7	2.0	1.1	1.8
1956	.9	8.0	.7	1.9	1.0	1.7
1/						
1959	.9	6.9	.8	.9	1.0	1.9
1960	.8	7.7	.8	.9	1.0	1.9

1/ Data for 1957-58 are not available.

Percentages computed from data for samples of corporations supplied by the Internal Revenue Service.

Compensation of officers as a percentage of total labor costs tended to vary inversely with the size of the corporation. This tendency may have accounted for the larger percentage in wholesale trade where average corporate size is smaller than in food manufacturing and slightly smaller than in food retailing.

Little increase in number of workers.--The number of persons engaged in marketing farm-food products increased slightly in 1965 for the second consecutive year (table 10). These increases may be a significant break in the downward trend from 1956 to 1963. The recent increases occurred mainly in retail stores and eating places. The number engaged in processing declined slightly, and the number in wholesale trade remained about the same.

The total number of food marketing workers in 1965 was nearly the same as in 1955. An 8-percent decrease in the number in food processing and a 9-percent decrease in retail stores were about offset by a 13-percent increase in eating places and a 9-percent increase in wholesaling. The different rates of growth in numbers of workers in various sectors were influenced by the different rates of increase in productivity. For food processors, productivity gains kept pace with the increase in volume marketed, but in eating places improvements in productivity did not keep up with increases in volume and in services per unit of food marketed.

Rail and Truck Transportation

The bill for hauling farm-originated food products by trucks and railroads represented about 10 percent of the total bill in 1964, the same percentage as in 1955 (table 7). Data for 1965 are not available. Most, or all, of the increase in this component of the marketing bill since 1958 has resulted from growth in the volume of

Table 10.--Number of persons (full-time equivalent basis) engaged in marketing domestic farm-food products bought by civilian consumers, 1947-65 1/

Year	Manufacturing	Wholesaling and assembling	Retail stores	Away-from-home eating places	Total
	Thousands	Thousands	Thousands	Thousands	Thousands
1947	1,323	364	1,435	1,233	4,355
1948	1,334	385	1,497	1,220	4,436
1949	1,327	403	1,486	1,218	4,434
1950	1,355	388	1,483	1,217	4,443
1951	1,331	379	1,498	1,250	4,458
1952	1,371	407	1,489	1,279	4,546
1953	1,389	432	1,483	1,321	4,625
1954	1,378	454	1,475	1,323	4,630
1955	1,387	438	1,463	1,373	4,661
1956	1,383	446	1,458	1,416	4,703
1957	1,356	473	1,435	1,425	4,689
1958	1,334	475	1,409	1,430	4,648
1959	1,326	480	1,388	1,460	4,654
1960	1,336	483	1,373	1,466	4,658
1961	1,320	474	1,278	1,446	4,518
1962	1,298	475	1,274	1,463	4,510
1963	1,291	475	1,278	1,455	4,499
1964	1,281	476	1,301	1,515	4,573
1965 2/	1,273	479	1,336	1,554	4,642

1/ These workers include full- and part-time employees, partners, proprietors, and unpaid family workers engaged in marketing the food covered by the farm-food marketing bill (table 5). Reported numbers of workers have been converted to full-time equivalent numbers. In general, the proportion of workers included from a food processing or food distributing agency equals the proportion of the agency's total sales or output represented by farm-food products. A further deduction is made for workers marketing export commodities and products sold to the armed forces.

2/ Preliminary.

products marketed. Rail freight rates for unprocessed foods and farm-produced food raw materials have declined since that year (table 11). Rate reductions were particularly significant for dressed meat, wheat, and soybeans. Data are not available regarding truck rates for these products, but it is believed that these rates did not increase during this period.

Profits

Profits (before income taxes) earned by corporations from marketing the products included in the marketing bill amounted to $2.9 billion in 1965 (table 7). This is the third consecutive year that this component has increased $0.2 billion or more. Between 1955 and 1962, these profits increased $0.4 billion. From 1962 to 1965, they increased another $0.7 billion. Corporate profits last year represented 5.6 percent of the marketing bill compared with 4.7 percent in 1962 and 5.2 percent in 1955. Profits after taxes were about 50 percent of profits before taxes in 1965 compared with 47 percent in 1962 and 49 percent in 1955. The reduction in corporate tax rates effective

Table 11.--Railroad freight rates for specified agricultural commodities, 1957-65

(1957-59=100)

Year	Livestock	Meat	Fruits and vegetables	Wheat	All grains 1/
1957	98	109	103	99	99
1958	102	100	101	101	102
1959	100	92	96	100	99
1960	99	92	94	100	98
1961	98	91	95	99	98
1962	96	91	94	96	96
1963	94	89	93	95	95
1964	93	86	93	92	93
1965 2/	93	85	93	83	88

Year	Soybeans	Cotton	Wool	Tobacco	Combined index
1957	97	100	106	108	101
1958	102	101	108	101	101
1959	101	100	85	91	98
1960	101	99	82	90	97
1961	96	99	83	91	96
1962	94	99	83	91	95
1963	89	99	83	91	94
1964	88	98	83	91	92
1965 2/	85	98	83	91	90

1/ Includes wheat.
2/ Preliminary.

All indexes have been revised; all reflect changes in capacity of cars and minimum weight requirements, which in effect lower the quoted rate.

in 1964 and the investment tax credit which became effective January 1, 1962, were mainly responsible for the 1962-65 increase in after-tax profits as a percentage of pretax profits.

Total corporate profits earned from marketing farm-food products have increased as capital invested by food marketing corporations has grown. These corporations have made large investments to handle the expanding volume of products, to improve efficiency, and to develop and distribute new products. Rising prices and wages have increased working capital needs. More money is needed for inventories, payrolls, and other recurring expenditures. Climbing costs of plants and equipment have pushed up investments required in fixed assets. Corporations have borrowed additional capital and have increased equity capital by investing profits and selling stock. Additions to equity capital have increased stockholders' equity. It is estimated that total stockholders' equity of corporations manufacturing food products in 1963 was 58 percent larger than in 1957-59, and stockholders' equity of those in the retail food trade was 36 percent larger (table 14).

Net profits of sole proprietorships and partnerships manufacturing and distributing food averaged $2.4 billion per year in 1960-63. (These data are not strictly comparable with the marketing bill statistics; see footnote 1 of table 12.) Almost four-fifths of these noncorporate profits were made by firms selling directly to the public through retail stores or eating and drinking places (table 12). Total profits of unincorporated food-manufacturing firms decreased each year from 1960 to 1963. Profits as a percentage of business receipts remained comparatively stable over the period for each type of firm but varied considerably by type of firm. Eating and drinking firms had profit ratios ranging from 8.2 to 8.7 percent, and those of wholesalers ranged from 3.8 to 4.1 percent.

Much of the profits reported by unincorporated firms could be considered compensation for management and labor rendered by proprietors, partners, and family workers not receiving stated salaries or wages. Estimates of imputed compensation of these workers are included in the labor cost component.

Other Costs

Other costs, the residual component of the marketing bill, increased faster than the other major components during the 1955-64 decade. This component includes advertising costs, depreciation charges, business taxes other than income taxes, rents, interest, costs of containers and packaging materials, fuel, electric power, and many other goods and services, as well as noncorporate profits. Costs of many of these items cannot be estimated. Among those for which estimates can be made, advertising, depreciation, and business taxes are the largest (table 13). These 3 accounted for about 9 percent of the marketing bill in 1964.

Depreciation charges and cash flow.--Depreciation charges make up one of the most rapidly increasing items in the marketing bill. A major cause has been the rapid growth in the total value of depreciable assets through replacement, extension, and modernization of plants and equipment. Increases in depreciation rates per dollar of assets have been another factor. These rates have increased because of a decrease in the average service life of assets arising from increased investments in equipment relative to plants, and substitution of accelerated for straight-line depreciation. In 1962 the Treasury issued new guidelines allowing shorter service lives for use in calculating depreciation.

Depreciation charges increased much more rapidly than receipts and stockholders' equity in food manufacturing corporations reporting balance sheet items to the Internal Revenue Service (table 14). In food retailing corporations, depreciation charges increased more slowly relative to receipts and stockholders' equity. Depreciation charge also increased faster than profits after taxes, particularly in food manufacturing.

The rapid increase in depreciation has been a major cause of increased cash flow, the sum of profits after taxes and depreciation. Cash flow per dollar of receipts has increased substantially. Cash flow has been the source of much of the funds spent for plants and equipment.

Table 12.--Net profits and business receipts of sole proprietorships and partnerships marketing food products, United States, 1960-63 1/

Year	Net profits 2/				
	Manufacturing	Wholesaling 3/	Retailing	Eating and drinking	Total 3/
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
1960	208	285	1,036	862	2,391
1961	173	268	1,023	890	2,353
1962	162	304	1,041	927	2,433
1963	132	328	984	916	2,360
	Total receipts				
1960	3,793	7,574	21,221	10,301	42,889
1961	3,090	6,798	21,812	10,318	42,017
1962	3,145	7,421	22,658	10,664	43,890
1963	2,608	8,083	20,695	11,105	42,491
	Net profits as a percentage of total receipts				
	Percent	Percent	Percent	Percent	Percent
1960	5.5	3.8	4.9	8.4	5.6
1961	5.6	3.9	4.7	8.6	5.6
1962	5.2	4.1	4.6	8.7	5.5
1963	5.1	4.1	4.8	8.2	5.6

1/ Data in this table are not strictly comparable with the food marketing bill statistics presented in this article. Data in this table neither exclude receipts and profits from nonfoods, exports and nonfarm foods marketed by food firms, nor include those from domestic farm foods marketed by nonfood firms.

2/ "Net profits" include compensation for the management and labor of proprietors and most of this compensation for partners, as well as "profits" in the corporate sense. Some of the compensation to partners for management and labor is separately reported to the IRS as "payments to partners." The amount of this item was first published by IRS in 1963 and totaled $119 million for the food marketing partnerships.

3/ Does not include wholesalers of "Farm products-raw materials" because less than half of these sales were food sales in 1963.

Compiled from Statistics of Income, U.S. Business Tax Returns, Internal Revenue Service.

Table 13.--Costs of selected items in the food marketing bill, by type of food marketing firm, 1947-49 average and annual 1962-64 1/

Item	Processors				Wholesalers 2/			
	Average 1947-49	1962	1963	1964	Average 1947-49	1962	1963	1964
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Advertising	310	913	949	1,040	42	78	98	98
Depreciation	225	781	791	869	43	154	161	161
Interest	42	131	131	141	14	22	50	52
Business taxes 3/	240	595	633	697	52	120	171	173
Rent	42	199	200	217	18	137	109	110
Repairs, contributions, bad debts	220	460	468	515	25	95	91	92
Total	1,079	3,079	3,172	3,479	194	606	680	686

Item	Retailers 4/				Total all groups			
Advertising	107	526	535	566	459	1,517	1,582	1,704
Depreciation	126	404	422	445	394	1,339	1,374	1,475
Interest	14	57	61	65	70	210	242	258
Business taxes 3/	134	381	459	484	426	1,096	1,263	1,354
Rent	163	489	523	553	223	825	832	880
Repairs, contributions, bad debts	50	143	171	181	295	698	730	788
Total	594	2,000	2,171	2,294	1,867	5,685	6,023	6,459

1/ Estimates are based on Internal Revenue Service and census data. 1963 and 1964 are preliminary. These estimates are for both corporate and noncorporate firms and relate only to domestic farm foods sold to U.S. civilian consumers.

2/ Merchant wholesalers of groceries and related products.

3/ Includes property, social security, unemployment insurance, State income, and franchise taxes, license fees, etc., but does not include Federal income tax. Social security and unemployment insurance taxes also are included in the labor cost component (table 7) as labor supplements.

4/ Includes retail food stores; does not include restaurants and other eating places.

Table 14.--Depreciation, profits, receipts, and stockholders' equity: Food manufacturers, food retailers, and all industrial corporations, selected years, 1947-49, 1957-59, and 1960-63

Item	Food manufacturing corporations 1/					
	1947-49	1957-59	1960	1961	1962	1963
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Depreciation 2/	255	659	769	799	934	1,226
Profits, after income tax	720	767	820	860	4/862	1,329
Cash flow 3/	975	1,426	1,589	1,659	1,796	2,555
Total compiled receipts	30,346	46,403	50,925	53,860	55,506	65,156
Stockholders' equity 5/	6,864	10,373	11,549	11,971	6/12,462	16,430
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Depreciation as a percentage of:						
Total compiled receipts	0.8	1.4	1.5	1.5	1.7	1.9
Stockholders' equity	3.7	6.4	6.7	6.7	7.5	7.5
Profits, after income tax, as a percentage of:						
Total compiled receipts	2.4	1.7	1.6	1.6	1.6	2.0
Stockholders' equity	10.5	7.4	7.1	7.2	6.9	8.1
Cash flow as a percentage of:						
Total compiled receipts	3.2	3.1	3.1	3.1	3.2	3.9
Stockholders' equity	14.2	13.7	13.8	13.9	14.4	15.6
	Retail food corporations 1/					
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Depreciation 2/	66	260	301	326	362	374
Profits, after income tax	165	261	260	243	4/299	4/277
Cash flow 3/	231	522	561	569	661	651
Total compiled receipts	11,483	27,512	30,968	33,845	34,962	37,438
Stockholders' equity 5/	1,243	2,668	2,964	3,170	7/3,396	3,639
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Depreciation as a percentage of:						
Total compiled receipts	0.6	0.9	1.0	1.0	1.0	1.0
Stockholders' equity	5.3	9.7	10.2	10.3	10.7	10.3
Profits, after income tax, as a percentage of:						
Total compiled receipts	1.4	.9	.8	.7	.9	.7
Stockholders' equity	13.3	9.8	8.8	7.7	8.8	7.6

Continued--

Table 14.--Depreciation, profits, receipts, and stockholders' equity: Food manufacturers, food retailers, and all industrial corporations, selected years, 1947-49, 1957-59, and 1960-63--Continued

Item	Retail food corporations 1/--Continued					
	1947-49	1957-59	1960	1961	1962	1963
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Cash flow as a percentage of:						
Total compiled receipts	2.0	1.9	1.8	1.7	1.9	1.7
Stockholders' equity	18.6	19.6	18.9	17.9	19.5	17.9
	All corporations					
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Depreciation 2/	7,614	23,850	26,899	28,746	32,007	34,110
Profits, after income tax	20,446	23,327	22,632	24,846	4/27,746	4/30,412
Cash flow 3/	28,061	47,177	49,531	53,092	59,753	64,522
Total compiled receipts	384,862	753,109	849,132	873,177	949,305	1,007,799
Stockholders' equity 5/	195,361	367,504	408,966	434,194	454,601	475,787
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Depreciation as a percentage of:						
Total compiled receipts	2.0	3.2	3.2	3.2	3.4	3.4
Stockholders' equity	3.9	6.5	6.6	6.6	7.0	7.2
Profits, after income tax, as a percentage of:						
Total compiled receipts	5.3	3.1	2.7	2.8	2.9	3.0
Stockholders' equity	10.5	6.3	5.5	5.7	6.1	6.4
Cash flow as a percentage of:						
Total compiled receipts	7.3	6.3	5.8	6.1	6.3	6.4
Stockholders' equity	14.4	12.8	12.1	12.2	13.1	13.6

1/ Data in this table are not strictly comparable with the food marketing bill statistics presented in this article. Data in this table neither exclude nonfoods, exports and nonfarm foods marketed by food firms nor include domestic farm foods marketed by nonfood firms.

2/ Depreciation includes amortization and depletion.

3/ Sum of annual depreciation charges and profits after income taxes.

4/ Includes the investment tax credit authorized by the Revenue Act of 1962. The effect of the credit was to increase after-tax income by 4.6 percent in 1962 and 4.4 percent in 1963 for food manufacturers; 6.3 and 6.4 for food retailers; and 3.0 and 3.6 for all corporations.

5/ Stockholders' equity includes capital stock surplus and reserves.

6/ IRS data on stockholders' equity were not available for 1962. Data for this year were estimates by ERS.

Compiled from Statistics of Income, Corporation Income Tax Returns, Internal Revenue Service. Data for earlier years were published in AER-47, Rising Depreciation of Assets in Agricultural Marketing Firms, Economic Research Service, USDA, December 1963.